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BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
June 30, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/25/09

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS
BATON ROUGE, LOUISIANA

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THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
BRCC Facilities Corporation
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of BRCC Facilities Corporation (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRCC Facilities Corporation as of June 30, 2009 and 2008, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 3, 2009, on our consideration of BRCC Facilities Corporation's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Thomas, Wilson, Ragusa, Uffman & Co CPA

Certified Public Accountants
November 3, 2009

527 EAST AIRPORT AVENUE BATON ROUGE, LOUISIANA 70806 225-926-1050 EMAIL:cpa@twru.com

BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Accompanying Notes to Financial Statements)

ASSETS

	June 30, 2009	June 30, 2008
CURRENT ASSETS:		
Accrued Interest Receivable	$ 10	$ 6,551
Total Current Assets	10	6,551
OTHER ASSETS:		
Restricted Cash and Cash Equivalents	4,332,414	5,044,741
Construction in Progress	-	7,644,120
Property, Plant, and Equipment, Net of Accumulated Depreciation of $13,758,439 and $10,393,190, respectively	67,409,450	62,996,685
Deferred Financing Costs, Net of Accumulated Amortization of $551,893 and $477,380, respectively	805,872	880,385
Total Other Assets	72,547,736	76,565,931
Total Assets	$ 72,547,746	$ 76,572,482

LIABILITIES AND NET ASSETS

	2009	2008
CURRENT LIABILITIES:		
Accounts Payable	$ 1,051	$ 17,340
Construction Costs Payable	-	849,701
Accrued Interest Payable	281,749	289,957
Bonds Payable	1,560,000	-
Lease Payable	303,000	1,773,000
Retainage Payable	-	382,206
Total Current Liabilities	2,145,800	3,312,204
NON-CURRENT LIABILITIES:		
Bonds Payable, Net of Premium and Current Portion	64,598,580	66,355,982
Lease Payable	317,000	620,000
Maintenance Reserve Fund	3,003,940	2,253,940
Total Non-Current Liabilities	67,919,520	69,229,922
Total Liabilities	70,065,320	72,542,126
NET ASSETS:		
Temporarily Restricted	2,482,426	4,030,356
Total Liabilities and Net Assets	$ 72,547,746	$ 76,572,482

BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
(See Accompanying Notes to Financial Statements)

	For the Years Ended June 30, 2009	2008
OPERATING REVENUES:		
Lease Income	$ 5,193,351	$ 5,193,363
OPERATING EXPENSES:		
Professional Expenses	110,066	220,129
Depreciation Expense	3,365,249	3,182,432
Other Operating Expenses	606	653
Total Operating Expenses	3,475,921	3,403,214
Total Operating Income	1,717,430	1,790,149
NON-OPERATING INCOME (EXPENSES):		
Investment Income	23,895	220,488
Interest Expense	(3,214,742)	(3,293,689)
Amortization Expense	(74,513)	(83,752)
Total Non-Operating Expenses	(3,265,360)	(3,156,953)
CHANGE IN NET ASSETS:	(1,547,930)	(1,366,804)
Net Assets - Beginning of Year	4,030,356	5,397,160
Net Assets - End of Year	$ 2,482,426	$ 4,030,356

BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Accompanying Notes to Financial Statements)

	For the Years Ended June 30, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Lease Income Received	$ 5,193,351	$ 5,193,363
Operating Expenses	(126,961)	(220,782)
Net Cash Provided by Operating Activities	5,066,390	4,972,581
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	30,436	242,872
Facilities Construction Costs	(1,365,801)	(5,604,064)
Net Cash Used by Investing Activities	(1,335,365)	(5,361,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Expense	(3,420,352)	(3,497,364)
Payments on Lease Payable	(1,773,000)	(1,696,000)
Deposits Received for Maintenance Reserve Fund	750,000	754,137
Net Cash Used In Financing Activities	(4,443,352)	(4,439,227)
Net Decrease in Cash and Cash Equivalents	(712,327)	(4,827,838)
Cash and Cash Equivalents at Beginning of Year	5,044,741	9,872,579
Cash and Cash Equivalents at End of Year	$ 4,332,414	$ 5,044,741

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2009	2008
Operating Income	$ 1,717,430	$ 1,790,149
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	3,365,249	3,182,432
Decrease in Accounts Payable	(16,289)	-
Net Cash Provided by Operating Activities	$ 5,066,390	$ 4,972,581

SUPPLEMENTAL CASH FLOW INFORMATION

	2009	2008
Cash Paid for Interest	$ 3,420,352	$ 3,497,364

BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-1-
June 30, 2009 and 2008

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization –BRCC Facilities Corporation (the Corporation) is a Louisiana non-profit corporation formed to support and benefit the educational, scientific research and public service mission of the Baton Rouge Community College (the College). The Corporation was formed during 2002 to finance a portion of the costs of the development, design, renovation, construction and equipping of facilities for the College. Governmental Accounting Standards Board (GASB) pronouncement No. 14 "*The Financial Reporting Entity*" requires inclusion of the Corporations financial statements in the Baton Rouge Community College's financial statements.

Basis of Accounting – Transactions of the Corporation are accounted for on the accrual basis of accounting. The Corporation uses various trust accounts created pursuant to trust indentures of the related bonds. The trust accounts, which are administered by a trustee bank, provide for the custody of the assets, debt service payments and bond redemption requirements, and payment of administrative expenses.

The Corporation follows the not-for-profit model for financial reporting as set forth in FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features which the College follows. With the exception of necessary presentation adjustments, no modifications have been made to the Corporation's financial information for these differences.

Deferred Financing Costs – Bond issuance costs, including underwriters' discount on bonds sold, are deferred and amortized over the life of the indebtedness based upon the principal amount of bonds outstanding.

Investments and Cash Equivalents – Investments are included in the accompanying financial statements at cost which approximates their fair value (See Note 2). For financial reporting purposes, cash and cash equivalents include all highly liquid investments with an original maturity for three months or less. All investments held by the corporation are considered cash equivalents and are restricted for debt service and construction costs.

Bond Premiums – Premiums incurred upon issuance of bonds are deferred and amortized to interest expense over the life of the related bonds using a method that approximates the interest method.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Interest Capitalized – The Corporation follows the policy of capitalizing interest expense incurred as a component of the cost of property, plant and equipment constructed for its own use and appropriately offsets the capitalized interest with interest earned on tax-exempt borrowings to fund the construction. The Corporation had no interest capitalized for the years ended June 30, 2009 and 2008.

Property, Plant and Equipment – The Corporation originally records property, plant and equipment at cost of acquisition. Depreciation expense for property, plant and equipment commences when the assets are placed in service and is computed using the straight line method with an estimated useful life of 5 to 39 years.

Income Taxes – The Corporation is organized as a Louisiana non-profit 501(c)(3) corporation and as such is exempt from state and federal income taxes.

BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-2-
June 30, 2009 and 2008

NOTE 2: CASH AND INVESTMENTS

Investments consist of U.S. Treasury obligations which represent deposits in money market funds invested in U.S. Treasury Securities. Fair values of these instruments approximate cost.

Substantially all investments are restricted for debt service, construction and various program expenses. At June 30, 2009 and 2008, cash and investments were as follows:

	2009	2008
Demand Deposits	$ 10,545	$ 11,153
Money Markets	4,321,869	5,033,588
Total Restricted Cash and Cash Equivalents	$ 4,332,414	$ 5,044,741

NOTE 3: BONDS PAYABLE

The bonds are limited and special revenue obligations of the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority), the source of the payment of which will be derived from the payments due to the Corporation under a facilities lease agreement (See Note 4) with the College. The obligation of the Corporation to make payments to the Authority for debt service is limited to the rents received from the Board of the College. The Corporation has assigned its rights under the facility lease to the Authority as security of the bonds. The net proceeds obtained from the bond issue are to be used to finance a portion of the development, design, renovation, construction and equipping of facilities for the College.

At June 30, 2009, bonds payable outstanding were as follows:

	Interest Amount	Principal Amount	Accrued Interest
Bonds Payable			
Serial Bonds due 2014 – 2022	5.375%	$ 19,530,000	$ 87,478
Term Bonds due 2026	5.000%	12,105,000	50,437
Term Bonds due 2032	5.000%	23,365,000	97,354
Serial Bonds due 2009 – 2017	5.302%	10,000,000	44,185
		65,000,000	$ 279,454
Premium		2,340,265	
Accumulated Amortization of Premium		(1,181,685)	
Bonds Payable, net		$ 66,158,580	

At June 30, 2008, bonds payable outstanding were as follows:

	Interest Amount	Principal Amount	Accrued Interest
Bonds Payable			
Serial Bonds due 2014 – 2022	5.375%	$ 19,530,000	$ 87,478
Term Bonds due 2026	5.000%	12,105,000	50,437
Term Bonds due 2032	5.000%	23,365,000	97,354
Serial Bonds due 2009 – 2017	5.302%	10,000,000	45,834
		65,000,000	$ 281,103
Premium		2,340,265	
Accumulated Amortization of Premium		(984,283)	
Bonds Payable, net		$ 66,355,982	

BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-3-
June 30, 2009 and 2008

NOTE 3: BONDS PAYABLE (CONTINUED)

At June 30, 2009, the debt service for all bond issues were as follows:

For the Years Ending:	Principal	Interest
2010	$ 1,560,000	$ 3,320,449
2011	1,645,000	3,242,200
2012	1,740,000	3,149,112
2013	1,835,000	3,050,799
2014	1,935,000	2,947,124
2015-2019	10,965,000	12,983,182
2020-2024	12,655,000	9,891,994
2025-2029	16,325,000	6,207,375
2030-2033	16,340,000	1,684,750
	$ 65,000,000	$ 46,476,985

NOTE 4: LEASE AGREEMENTS

The Corporation leases facilities and equipment to the College under a facilities lease agreement which provides for base rental payments due semi-annually beginning November 15, 2003 and expiring on December 1, 2032. The amount of the payments is equal to the required semi-annual debt service of the bonds, due to be paid on June 1 and December 1 of each year. Assets held for lease at June 30, 2009 and 2008, consisted of all property, plant and equipment.

It is anticipated that the base rental will be sufficient to meet the principal and interest payment obligation of the bonds; however, the College's ability to make payments of base rental under the facilities lease will be subject to annual appropriation of funds sufficient for such purpose by the Louisiana Legislature. The College is under no obligation to use any other of its funds to make payment of base rental.

The future minimum lease payments to be received from the lease during the next five years are as follows:

For the Years Ending:	Amount
2010	$ 5,204,250
2011	$ 5,211,237
2012	$ 4,889,112
2013	$ 4,885,799
2014	$ 4,882,124

In connection with the lease of facilities and equipment to the College under a facilities lease agreement, the terms of the cooperative endeavor call for a maintenance reserve fund to be established and for the College to make payments equal to 1.5% of hard construction costs with total lease payments plus maintenance reserve fund payments to not exceed $5,950,000 in any given year. Total payments to the maintenance reserve fund for the years ended June 30, 2009 and 2008 were $750,000 and $754,137, respectively. The maintenance reserve fund is included in restricted cash and cash equivalents. At June 30, 2009 and 2008, the balance in the maintenance reserve fund was $3,125,861 and $2,366,743, respectively.

The future estimated payments to the maintenance reserve fund during the next five years are as follows:

For the Years Ending:	Amount
2010	$ 745,750
2011	$ 738,763
2012	$ 1,060,888
2013	$ 1,064,201
2014	$ 1,067,876

BRCC FACILITIES CORPORATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-4-
June 30, 2009 and 2008

NOTE 5: EQUIPMENT LEASE AGREEMENTS

On June 3, 2004, the Corporation entered into two lease-sublease purchase agreements with SunTrust Leasing Corporation for the maximum amounts of $6,800,000 and $1,950,000 at an interest rate of 4.44%. The leases are for equipment, furniture and fixtures for the new buildings. The Corporation used approximately $8,750,000 of the proceeds to acquire furniture, fixtures and equipment for the construction projects completed during the years ended June 30, 2005 and 2006. The following is the combined payment schedule for these leases.

For the Years Ending:	Principal	Interest
2010	$ 303,000	$ 20,801
2011	317,000	7,037
	$ 620,000	$ 27,838

NOTE 6: SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

The following assets are located on land owned by the Baton Rouge Community College:

	Balance June 30, 2008	Additions	Transfers	Balance June 30, 2009
Capital Assets not being Depreciated:				
Construction in Progress	$ 7,644,120	$ 133,894	$ (7,778,014)	$ -
Other Capital Assets:				
Buildings	$62,584,948	$ -	$ 7,778,014	$70,362,962
Furniture & Equipment	10,804,927	-	-	10,804,927
Less Accumulated Depreciation	(10,393,190)	(3,365,249)	-	(13,758,439)
Total Other Capital Assets	$62,996,685	$ (3,365,249)	$ 7,778,014	$67,409,450

NOTE 7: COMMITMENTS

All the assets of the organization are subject to a leasehold mortgage on the building and improvements and a UCC lien on the personal property. These liens secure the tax exempt debt of the Organization.

In connection with the facilities lease, the Organization has granted the College has an option to purchase all of the facilities and equipment at any time for a purchase price equal to the principal of all bonds then outstanding plus the interest to accrue on such bonds until the purchase date plus any prepayment penalties, charges or costs for early prepayment or defeasance of the bonds and any administrative expenses owed prior to the purchase date.

NOTE 8: SUBSEQUENT EVENTS

Subsequent to year-end, the Corporation entered into a contract for construction of emergency modifications to the system office. This contract is for $36,657 and was signed on September 15, 209 and recorded on September 16, 2009.

The Company has evaluated all subsequent events through November 3, 2009, the date the financial statements were available to be issued.

THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
BRCC Facilities Corporation
Baton Rouge, Louisiana

We have audited the financial statements of BRCC Facilities Corporation (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered BRCC Facilities Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BRCC Facilities Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organizations internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BRCC Facilities Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors and management of BRCC Facilities Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Thomas, Wilson, Ragusa, Uffman & Co CPA

Baton Rouge, LA
November 3, 2009

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